

Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: MARR NATO

SUBJECT: NATO INFRASTRUCTURE BUDGET JUSTIFICATION MATERIAL

REFS: (A) STATE 223682, 020002Z SEPT 78, (B) STATE 141724,
051950Z JUNE 78.

1. WE NOTE THE REQUIREMENT FOR FY80 BUDGET ESTIMATES BY 22 SEPT 78 IN OSD. THAT IS ABOUT TWO WEEKS AHEAD OF SCHEDULE IN PREVIOUS YEARS, WHICH WAS BASED ON LATE AUGUST AVAILABILITY IN NATO OF FINANCIAL DATA THROUGH 30 JUNE 78. COMPLETE BUDGET BACKUP MATERIAL CANNOT, THEREFORE, BE FURNISHED BY 22 SEPT. WE WILL, HOWEVER, ENDEAVOR TO FURNISH SUMMARY SHEET WITH OVERALL FIGURES BY THAT DATE. INFORMATION REQUESTED BY REF A ON FY 78-84 BUDGETS IS FURNISHED BELOW:

2. TOTAL OBLIGATION AUTHORITY (TOA) FOR FY 78 OF \$85 MILLION WAS CALCULATED AT EXCHANGE RATE OF ONE IAU EQUALS \$3.38. OBLIGATIONS AND EXPENDITURES DURING FY 78 OCCURRED AT RATES VARYING FROM \$3.738 TO \$4.208. RESULTING OBLIGATIONS ARE SHOWN BELOW ALONG WITH FUND UNCLASSIFIED

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SOURCES:

OBLIGATIONS:

ESTIMATE \$ 85.0 M

EXCHANGE RATE ADJUSTMENT FOR OBLIGATIONS 13.6

EXCHANGE RATE ADJUSTMENT FOR PAYMENTS 3.6

ADDED PROJECTS 3.8

TOTAL \$106.0 M

FUND SOURCES:

TOTAL OBLIGATION AUTHORITY \$ 85.0 M

WINDFALL FROM RELOCATION 8.5

ADDITIONAL RECOUPMENT 12.5

TOTAL \$106.0 M

3. TOA FOR FY 79 WAS CALCULATED AT \$3.738 AND WE EXPECT IT TO BE OBLIGATED AT \$4.208 (THE PRESENT RATE). THIS INCREASES THE REQUIREMENT TO \$101.3 M (\$11.3 M ABOVE THE ESTIMATE) AS OF 1 OCT 78. IN ADDITION, IF WE ARE TO BRING OUR SOME \$285 M OF UNLIQUIDATED OBLIGATIONS TO THE CURRENT EXCHANGE RATE, WE WILL REQUIRE SOME \$32.9 M FOR A TOTAL OF \$134.2 M. IF ONLY OUR PAYMENTS DURING FY 79 MUST BE BROUGHT TO THE CURRENT EXCHANGE RATE, WE WILL REQUIRE AN ADDITIONAL \$16.35 M FOR A TOTAL OF \$117.65 M.

4. WE WILL BE LOOKING CAREFULLY AT POTENTIAL RECOUPMENTS FOR APPLICATION AGAINST OUR TOE REQUIREMENTS. SINCE WE HAVE DRIED UP MOST OF THE OUTSTANDING BILLINGS AND SINCE MUCH OF THE \$70 M FOR RECOUPMENTS CONTAINED UNCLASSIFIED

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IN SLICE XXIX MAY BE DIVERTED BY USAFE TO OTHER AIR FORCE REQUIREMENTS (WITH OSD APPROVAL PER REF B), WE DO NOT EXPECT ANY LARGE SUMS BEFORE FY 81 (SLICE XXXI).

5. IN SUMMARY, WE EXPECT THE FOLLOWING TOA REQUIREMENTS IF NO FURTHER WEAKENING OF THE DOLLAR OCCURS:

FY 78 - \$97.5 M

FY 79 - \$134.2 M OR \$117.65 M (PARA 3 ABOVE)

FY 80 - \$120 M OR \$137 M (IF FY 79 DOES NOT READJUST ENTIRE BACKLOG)

FY 81 - \$150 M

FY 82 - \$165 M

FY 83 - \$180 M

FY 84 - \$200 M

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